

COMMISSIONERS OF THE LAND OFFICE

REGULAR MEETING MINUTES

THURSDAY, JANUARY 9, 2020 AT 2:00 P.M.

BOARD ROOM

**OKLAHOMA DEPARTMENT OF AGRICULTURE, FOOD AND FORESTRY
OKLAHOMA CITY, OKLAHOMA**

Notice was posted online on the Commissioners of the Land Office website and at the Commissioners of the Land Office and the Board Room of the Oklahoma Department of Agriculture, Food and Forestry before Tuesday, January 7th, 2020 at 2:00 p.m.

PRESENT:

Honorable J. Kevin Stitt, Governor and Chairman
Honorable Matt Pinnell, Lt. Governor and Vice Chairman
Honorable Joy Hofmeister, Superintendent of Public Instruction and Member
Honorable Cindy Byrd, State Auditor and Inspector and Member
Honorable Blayne Arthur, Secretary of Agriculture and Member

LAND OFFICE STAFF PRESENT:

A. Brandt Vawter, Acting Secretary
Keith Kuhlman, Assistant Secretary
Katy Janz, Executive Assistant and HR Director
Bennett Abbott, General Counsel
Jessica Grogis, Director, Communications
Steve Diffie, Director, Royalty Compliance Division
Floyd Evans, Director, Real Estate Management Division
Ed Reyes, Director, Information Technology Division
Karen Johnson, Chief Financial Officer
Dan Whitmarsh, Director, Minerals Management Division
Hannah Pryor, Archivist
Erin Morgan, Internal Auditor
Tricia Langley, Business Manager, Real Estate Management Division
Andrea Bair, Attorney, Legal Division
Jared Semtner, Assistant Director, Information Technology Division
Chris Wiggers, Geologist, Minerals Management Division
John Fischer, Commercial Properties Manager, Real Estate Management Division
Anthony Ruiz, Assistant Director, Real Estate Management Division
Mike Lyons, Assistant Director, Financial Services Division

VISITORS:

Teena Gunter, Department of Agriculture, Food, and Forestry
Mike Gibson, RSM
Brett Carnes, RSM
Christina Oden, LegisOK

Governor Stitt called the meeting to order at 2:00 p.m., ensured the presence of a quorum and proper posting, and called the roll.

Stitt:	Present
Pinnell:	Present
Hofmeister:	Present
Arthur:	Present
Byrd:	Present

1. Request Approval of Minutes for Regular Meeting Held November 15, 2019

- a. *Presented by Brandt Vawter, Acting Secretary*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

The minutes were presented by Acting Secretary Vawter. A MOTION was made by Commissioner Hofmeister and seconded by Commissioner Byrd to approve the minutes of the November 15th, 2019 meeting.

Stitt:	Aye
Pinnell:	Aye
Hofmeister:	Aye Motion Carried
Arthur:	Aye
Byrd:	Aye

2. Secretary's Comments

- a. Distributions to beneficiaries for months of November and December
Acting Secretary Vawter directed the Commissioners' attention to the list of November and December Distributions. He offered to answer any questions. Seeing no questions, he proceeded to item b.
- b. Legislative Updates
The floor was yielded to Jessica Grogis, CLO Legislative Liaison. Ms. Grogis updated the Commissioners on legislation affecting the CLO. Report attached.
- c. Staff Introductions
Acting Secretary Vawter introduced three new CLO staff members: Anthony Ruiz, Assistant Director, Real Estate Management Division; Chris Wiggers, Geologist, Minerals Management Division; and John Fischer, Commercial Properties Manager, Real Estate Management Division.

Acting Secretary Vawter withdrew agenda items 6 and 7 from consideration.

3. Consideration and Possible Action to Terminate an Equity Manager

Recommendation: On behalf of the Investment Committee the Chief Financial Officer recommends approval of the termination of an existing equity Investment Manager. Reinvestment of funds will be reallocated to an existing equity manager.

- a. *Presented by Karen Johnson, CFO*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

Karen Johnson informed the Commissioners that the Investment Committee recommended terminating Tortoise Capital Advisors and reinvesting the funds with Harvest Fund Advisors. This will consolidate MLP funds with the higher performing manager. A MOTION was made by Commissioner Byrd and seconded by Lt. Governor Pinnell to approve the termination.

Stitt: Aye
Pinnell: Aye
Hofmeister: Aye
Arthur: Aye
Byrd: Aye Motion Carried

4. Presentation of the External Audit Results for year ending June 30, 2019 by RSM

- a. *Presented by Mike Gibson, Partner, RSM*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

Mike Gibson presented the results of the external audit. The audit was unqualified with no disagreements with management and no compliance or internal control issues.

5. Consideration and Possible Action to Approve Appraisal of Land for Sale, Exchange or Long-Term Commercial Lease

Lease No.	Legal Description
909433 Oklahoma County	Tract 1: SE/4 Section 22-12N-03WIM containing 1.3463 acres more or less
909434 Oklahoma County	Tract 2: NE/4 Section 22-12N-03WIM containing 5.8868 acres more or less
909435 Oklahoma County	Tract 3: NE/4 Section 22-12N-03WIM containing 1.6730 acres more or less

The Oklahoma Department of Tourism and Recreation would like to purchase, exchange or lease for 8.9061 acres more or less in the above referenced tract for future development.

The property was appraised by three Oklahoma Certified General Appraisers. The Director of Real Estate Management presents the market value for approval.

Recommendation: Director of Real Estate Management recommends the appraised amount of the property for sale be approved.

- a. *Presented by Floyd Evans, Real Estate Management Director*
- b. *Discussion*
- c. *Commissioners action which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

Floyd Evans requested approval of the appraisal for the listed property for a total of \$1,510,000. A MOTION was made by Commissioner Pinnell and seconded by Commissioner Arthur to approve the appraisal of the subject property.

Stitt: Aye
Pinnell: Aye Motion Carried
Hofmeister: Aye
Arthur: Aye
Byrd: Aye

6. Consideration and Possible Action to Issue Continuous Easements

Lease No.	Legal Description	Easement No.
205126, 205128 Noble County	S/2 Sec. 13-24N-2WIM	9909

The City of Enid has accepted the appraisal of \$21,100 for a continuous easement 30' in width, 175.88 rods in length for a 36" raw water line, per provided survey. The appraisal was completed by Alan Hermanski, reviewed by Greg Brownsworth and approved by Floyd Evans.

Recommendation: The Director of Real Estate Management recommends approval of the continuous easement.

- a. *Presented by Floyd Evans, Real Estate Management Director*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

Withdrawn from consideration

7. Consideration and Possible Action to Issue Continuous Easements

Lease No.	Legal Description	Easement No.
100381 Kay County	NW/4 Sec. 36-26N-3EIM	9910

The City of Enid has accepted the appraisal of \$14,500 for a continuous easement 30' in width, 120.6 rods in length for a 36" raw water line, per provided survey. The appraisal was completed by Robert Parrish, reviewed by Chris Foster and approved by Floyd Evans.

Recommendation: The Director of Real Estate Management recommends approval of the continuous easement.

- a. *Presented by Floyd Evans, Real Estate Management Director*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

Withdrawn from consideration

8. Consideration and Possible Action to Issue Continuous Easements

Lease No.	Legal Description	Easement No.
205026	SW/4 Sec. 13-21N-2EIM	9915
205027	W/2SE/4 Sec. 13-21N-2EIM	9916
100371	SW/4 Sec. 16-21N-3EIM	9917
Noble County		

The Oklahoma Department of Transportation has made a total offer of \$32,800 for 3 continuous easements for highway improvements. Area requested totals 3.28 acres, per provided surveys. The offer was reviewed by Alan Hermanski and approved by Floyd Evans.

Recommendation: The Director of Real Estate Management recommends approval of the continuous easement.

- a. *Presented by Floyd Evans, Real Estate Management Director*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

Floyd Evans request approval to issue the above described easements. A MOTION was made by Commissioner Hofmeister and seconded by Commissioner Byrd to approve the easements.

Stitt: Aye

Pinnell: Aye
Hofmeister: Aye Motion Carried
Arthur: Aye
Byrd: Aye

**9. Consent Agenda – Request Approval of October and November 2019
Agency Monthly Division Summary of Activities**

The Agenda items presented on the Consent Agenda are considered as one item for voting purposes. The Consent Agenda includes items that are statutorily or constitutionally required to be performed by the Commissioners of the Land Office or are administrative in nature, which are done as a routine action by the Commissioners of the Land Office. If any member of the Commission or any member of the public requests a particular item or items to be considered individually, the matter or matters shall be considered individually.

- a. *Presented by A. Brandt Vawter, Acting Secretary*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

Financial Services Division

- 1. October 2019
 - a. Claims Paid (Routine) (pp 16-18)
- 2. November 2019
 - a. Claims Paid (Routine) (pp 19-20)
 - b. FY 2020 Budget to Actual Expenditure Comparison (p 21)

Minerals Management Division

- 1. October 2019
 - a. 9/18/2019 Oil and Gas Lease Awards (pp 22-24)
 - b. Tracts Offered 11/20/2019 (pp 24-25)
 - c. Assignments of Oil and Gas Leases (pp 25-26)
- 2. November 2019
 - a. 11/20/2019 Oil and Gas Lease Sale Tabulation (pp 27-29)
 - b. Assignments of Oil and Gas Leases (pp 29-32)

Real Estate Management Division

- 1. October 2019
 - a. Soil Conservation Projects (p 33)
 - b. 20 Year Easements (p 33)
 - c. Renewed 20 Year Easements (p 33)
 - d. Assignment of Easements (p 34)
 - e. Term Irrigation Permits (p 34)
 - f. Surface Lease Assignments (p 34)

2. November 2019

- a. Soil Conservation Projects (p 35)
- b. 20 Year Easements (p 35)
- c. Renewed 20 Year Easements (p 35)
- d. Surface Lease Assignments (p pp 36-37)

Seeing no discussion or questions, a MOTION was made by Lt. Governor Pinnell and seconded by Commissioner Byrd to approve the Consent Agenda.

Stitt: Aye
Pinnell: Aye Motion Carried
Hofmeister: Aye
Arthur: Aye
Byrd: Aye

10. Financial Information Regarding Investments and Monthly Distributions (informational only)

Accounting

- a. October Distribution by District and Month
- b. November Distribution by District and Month

Investments

- a. Market Value Comparison 11/30/2019

There was no discussion on this item.

11. New Business

The Commission may discuss, consider and take possible action regarding new business that could not have been reasonably anticipated or was unknown prior to the regular meeting.

There was no new business to bring before the Commissioners. A MOTION was made by Commissioner Hofmeister and seconded by Commissioner Byrd to adjourn the meeting.

Stitt: Aye
Pinnell: Aye
Hofmeister: Aye Motion Carried
Arthur: Aye
Byrd: Aye



A. Brandt Vawter, Acting Secretary

Recording stopped at 2:21 p.m.

I HEREBY CERTIFY that the foregoing is a true, full and correct report of said meeting.

WITNESS my hand and official signature this 13th day of February 2020.

(SEAL)



ATTEST:


A. Brandt Vawter


CHAIRMAN